

Message Text

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E.O. 11652: GDS
TAGS: ENRG, OECD, FR
SUBJECT: IEA: FRENCH REACTION TO GOVERNING BOARD
CONCLUSIONS

1. SUMMARY. PRINCIPAL POINT IN GOVERNING BOARD CONCLUSIONS THAT DISTURBED FRENCH, ACCORDING TO LANTZKE, WAS GB INSISTENCE ON PRESENCE OF IEA AS SUCH AT PRODUCER-CONSUMER PREPARATORY MEETING. ON THIS AND OTHER ASPECTS' FRENCH WERE SENSITIVE TO DANGER CONSUMER POSITION WOULD BE "PROVOCATIVE" TO PRODUCERS. FRENCH OTHERWISE GENERALLY ACCEPTED GB CONCLUSIONS, INCLUDING NEED FOR ALTERNATIVE SOURCES POLICY. END SUMMARY.

2. IEA EXECUTIVE DIRECTOR LANTZKE, WHO ACCOMPANIED DAVIGNON TO TALK TO FRENCH FEB. 7 AFTER END OF GB MEETING, TELLS US BRUNET AND CABOUAT IN PARTICULAR (DE GUIRINGAUD LESS SO) FELT THAT INVITATION TO IEA (IN ADDITION TO OECD, WHICH THEY SEE AS COUNTERPART TO OPEC) WOULD BE "PROVOCATIVE" TO PRODUCERS.

3. DAVIGNON' ACCORDING TO LANTZKE, DEFENDED GB DECISION VIGOROUSLY AND LEFT IMPRESSION THAT THERE WOULD BE NO PREPARATORY MEETING WITHOUT IEA PRESENCE. HE REJECTED SUGGESTION THAT IEA MIGHT BE REPRESENTED BY LANTZKE IN
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HIS DUAL OECD-IEA CAPACITY. DAVIGNON INSISTED THAT IEA ABSENCE WOULD BE IMPLICIT ACCEPTANCE OF PRODUCERS' CLAIM

THAT IEA IS ORIENTED TOWARD CONFRONTATION.

4. LANTZKE, INCIDENTALLY, WHILE FEELING NO LESS STRONGLY THAN DAVIGNON ABOUT IEA PRESENCE, COMMENTED THAT IEA PRESENCE POSES VERY SERIOUS PROBLEM TO GOF. EVEN IF ALL INVITEES ACCEPTED IEA PRESENCE, HE THINKS, FRANCE AS NON-IEA COUNTRY WILL HAVE DIFFICULTY WITH IT. THUS HE SEES THIS AS THE MAJOR PROBLEM IN IEA-FRENCH RELATIONS CONCERNING PREPARATORY MEETING.

5. FRENCH WERE SYMPATHETIC TOWARD CANADIAN BID FOR INVITATION, LANTZKE SAID' BUT THEY SAW DANGER OF OPENING FLOODGATES TO OTHERS AND EXPRESSED SOME DOUBTS ABOUT CANADA'S STATUS AS CONSUMER NATION.

6. ON OTHER ASPECTS, FRENCH ACCEPTED IEA POINTS ON NATURE OF MEETING (OFFICIAL-LEVEL, NO PREJUDICE TO ARRANGEMENTS FOR MAIN CONFERENCE, ETC.) EXCEPT THAT THEY FELT CONSUMERS SHOULD NOT BE TOTALLY RIGID ON LIMITING SUBJECT MATTER TO OIL AS OPPOSED TO OTHER COMMODITIES. DAVIGNON REPLIED THAT BASIS WOULD NO LONGER BE GISCARD'S PROPOSAL IF IT SHIFTED TO INCLUDE OTHER COMMODITIES, WHICH FRENCH ACCEPTED. HOWEVER, FRENCH FOUND DIFFICULTIES IN ISSUING "CONDITIONAL" INVITATION, WHICH PRODUCERS MIGHT REJECT.

7. ON ALTERNATIVE SOURCES, FRENCH SHOWED NO DISCOMFORT AT SECRETARY KISSINGER'S PROPOSALS INCLUDING FLOOR PRICE. BRUNET TOLD DAVIGNON EC SHOULD TRY TO MOVE TO COMMON POLICY ON ALTERNATIVE SOURCES BEFORE NEXT GB MEETING. DE GUIRINGAUD THOUGHT RELATIVELY LOW FLOOR PRICE WOULD BE LESS "PROVOCATIVE" TO OPEC; LANTZKE DID NOT CONSIDER THIS A WELL-THOUGHT-OUT POSITION AND IN FACT THINKS LOW PRICE COULD BE MORE "PROVOCATIVE," SINCE IT WOULD INDICATE CONSUMERS FELT LONG-RUN EQUILIBRIUM PRICE OF OIL WAS RELATIVELY LOW COMPARED TO PRESENT PRICES.

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